



Good afternoon Mr. Chairman and members of the committee,

My name is Ron Overbeck, and I represent the Franchisor of Auto One Glass and Accessories which operates 15 locations in Michigan. I am also vice president of the Independent Glass Association, Michigan Chapter.

Our issues start at First Notice of Loss by the consumer to their auto insurance carrier

What I want to review with you are some tactics used by Safelite Solutions TPA to redirect our customers to the Safelite Glass replacement unit of their company

- 1) Delay in confirmation of coverage when filing a claim and states they will have to contact the customer direct when confirmation is confirmed.
Most times it will take 3 to 5 hours to receive approval to do the job; we have documentation that shows in some cases it takes as long as 5 days to get the confirmation to proceed
Safelite uses this tactic to many times contact the customer directly to influence them to use one of their own locations. During this process of delays many jobs are redirected to their replacement unit simply by confusion on our customer's part or frustrations in wanting to just get the job done now!
When each claim is confirmed Safelite also sends an e-mail confirmation to each customer stating that the work is being done by Safelite and if the customer needs to change their appointment they should contact the Safelite telephone number listed to make the arrangements. No where on this e-mail is the Network shop listed which creates confusion for the customer and gives Safelite another opportunity to take the work to their own shop.
Confirmation of coverage is immediately given by the other TPAs when making a claim.
- 2) When the Safelite TPA sees that customer has a high deductible, the TPA will give customer a cash price for the windshield and, in some cases, will tell customer that the pricing from other shops will be higher.
How can a TPA give customer a price for anything as they are just an administrator of claims?
- 3) Safelite has made the claim filing process an administrative nightmare. The time to file a claim and the repetitive information they request from the customer and ourselves requires more than 30 minutes to complete a claim on the phone before confirmation of coverage is received. The increased administrative time creates a significant non-value added cost to our shops and forces the customer to waste their valuable time just to make a claim
The time to file a claim through any other TPA is a total of 15 minutes or less



- 4) Safelite does not give referrals from their TPA group all non preferential jobs go directly to their own shops
Independent glass shops join the various TPA networks to get job referrals. Every other TPA network gives the customer at least 3 different companies within their immediate area so a customer can choose where they would like to go.
There is no valid reason to join a network if you do not receive referrals. The system savings from TPA (billing administering, confirmation, and etc. are the reason we are asked to join the TPA network and the provision for doing so is the promise of job referrals from the TPA claim centers
All other TPAs provide job referrals to the members of their networks.
Most of the insurance companies that have signed up with Safelite TPA are incented and, in some cases required, to use Safelite for their glass repair and replacement work as part of the TPA program
- 5) Safelite TPA has arrangements with many of the insurance companies and as a result, these insurance companies then publish procedures and bulletins requiring their agents to advise all customers that they must use Safelite for all of their glass work. In some cases a portion of agent's performance bonus is predicated on what percentage of his customers glass claims are done by the Safelite repair and replacement operation. Agents are visited periodically by Safelite repair representatives who have possession of the information on each agent's customer's claims from the TPA data base to advise them that they are not or are meeting the requirement to send all their glass work to Safelite (Farmers, Geico, Nationwide, Progressive are some of these insurance companies) .
This prohibits all of these agents and their customers from using any other repair and replacement facility and denies the consumer the ability / right to choose.
- 6) If a consumer completes an insurance claim online with Safelite TPA, the claim automatically is handled by Safelite's owned shop as the consumer is not given any other option or a choice of shops
Consumer believes they are dealing direct with their insurance company and assumes they are required to have the Safelite repair company do the work. This negates the consumer's right to choose their own repair facility
- 7) Safelite's TPA has been employing a systematic approach in refusing qualified glass shops entry into their network (see attached letter) or taking existing shops off their network to ensure that their own shops get the work.
This is another example of the conflict of interest that exists in this process that is employed to hurt independent, small businesses in the industry



In conclusion, Safelite TPA answers the phone for all of our businesses by virtue of their network. There is no separation between the Safelite TPA and Safelite Repair and Replacement. Our mutual customers believe they are talking to their insurance company regardless of the script wording used since they made a call to their insurance companies 800 processing number for glass claims. Without having to follow a standard and uniform code of conduct to at least level the playing field so business can fairly compete, Michigan will continue to lose many valuable small businesses and precious jobs. Over the last 2 years Michigan has lost over 110 small glass shops and roughly 2,500 jobs due to the unfair and illegal practices employed by Safelite to control the market by dominating the TPA process.

The concept of a TPA process was established to reduce complexity, streamline the claims process and bring monetary value to the insurance company and the consumer.

It was never established to allow one company the sole ability to dominate and control another segment of business which is unrelated to the Third Party Administrative Business.

A good example of what we have to deal with today is equivalent to requiring all potential customers for a local hardware store to have to enter their store by going through a Home Depot location first

Senate bill 306 is about

BRINGING TRANSPARENCY TO THE REFERRAL PROCESS

BRINGING OBJECTIVITY TO THE REFERRAL PROCESS

HELPING SMALL BUSINESSES IN MICHIGAN AND PRESERVING THE JOBS THEY SUPPORT

Please, for the sake of protecting Michigan small businesses and preserving Michigan jobs, help us by passing this bill to give us a fair chance at competing for our local business.

Who can be against a code of conduct that other recognized TPAs are endorsing

Thank you for your time

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